

Message Text

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PAGE 01 BANGKO 09110 280507Z
ACTION EA-12

INFO OCT-01 EB-08 ISO-00 COME-00 TRSE-00 OMB-01 AID-05
XMB-02 CIAE-00 INR-10 NSAE-00 DODE-00 /039 W
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FM AMEMBASSY BANGKOK
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INFO USDOC WASHDC
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY RANGOON
AMEMBASSY TOKYO

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USDOC FOR MPD

EO 11652: NA
TAGS: EAID BEXP BENC TH
SUBJECT: JAPANESE LOAN OF 130 MILLION DOLLARS TO FINANCE SEVEN
MAJOR PROJECTS IN THAILAND

REF: STATE 070689, BANGKOK A-24 (NOTAL)

1. EMBOFF HAS DISCUSSED JAPANESE CAPITAL LOAN PROJECTS WITH
OFFICIAL OF THE NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT
BOARD (NESDB) AND WAS INFORMED THAT ALTHOUGH THE JAPANESE
PROJECTS ARE UNITED, POSSIBILITIES FOR U S BIDDERS TO SECURE
CONTRACTS ARE NOT BRIGHT.

2. OFFICIAL OPINED ONLY REAL PROSPECT FOR SUCCESSFUL U S BIDS
WOULD BE THE EQUIPMENT REQUIREMENTS FOR SMALL SCALE IRRIGATION
SYSTEMS.

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PAGE 02 BANGKO 09110 280507Z

3. THE SITUATION WITH REGARD TO THE OTHER PROJECTS IS AS
FOLLOWS: A CONTRACT WAS SIGNED LAST WEEK WITH A JPANESE-THAI
COMPANY TO BUILD A DIN DAENG-PORT EXPRESSWAY. THAI
OFFICIALS ARE CURRENTLY IN JAPAN NEGOTIATING THE FINAL
TERMS OF TWO HIGHWAY PROJECTS. IT IS A GOOD POSSIBILITY
THAT THE THAI HIGHWAY DEPARTMENT WILL TAKE EITHER OR BOTH
PROJECTS AND SUBCONTRACT THEM OUT TO THAI COMPANIES. IF NOT,

TENDERS FOR BIDS WILL BE ANNOUNCED IN THE LOCAL PAPERS FAIRLY SOON. AS FOR THE TWO COMMUNICATIONS PROJECTS, THEY IN ALL PROBABILITY WILL GO TO JAPANESE FIRMS SINCE THE PLANS WERE DRAWN TO JAPANESE SPECIFICATIONS AND MOST OF THE PRESENT EQUIPMENT IS ALREADY JAPANESE. FURTHERMORE, THE THAI OFFICIAL CONTENDED, HE HAD NEVER SEEN A JAPANESE-FINANCED COMMUNICATIONS PROJECT THAT DIDN'T GO TO A JAPANESE COMPANY. HE WAS, THEREFORE, OF THE OPINION THAT JAPANESE COMPANIES WOULD BE "VERY COMPETITIVE" ON THESE TWO PROJECTS. NEVERTHELESS, THE TENDERS WILL BE PUBLICLY ANNOUNCED FOR THIS AND OTHER PROJECTS NOT RESERVED FOR THAI ORGANIZATIONS, AND ALL COMPANIES WILL BE ELIGIBLE TO COMPETE.

4. AS FOR THE ACCELERATED PRODUCTIVITY ROAD NETWORKS PROJECT, IT IS A FOREGONE CONCLUSION IT WILL GO TO THAI CONTRACTORS.

5. DESPITE THE LESS THAN BRIGHT PROSPECTS FOR U S BIDDERS ON THESE PROJECTS, EMBASSY WILL REPORT ANY FORTHCOMING TENDER ANNOUNCEMENTS PROMPTLY. AS THESE LOAN AGREEMENTS ILLUSTRATE, EFFORTS MUST BE CONTINUED TO CONVINCE THE JAPANESE THAT SPECIFICATIONS ON PROJECTS WHOULD BE DESIGNED AND DEVELOPMENT AID OFFERED IN A MANNER WHICH WILL PROVIDE FOR THE MOST OPEN INTERNATIONAL BIDDING POSSIBLE.
WHITEHOUSE

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